

7/12/66

56. PROPOSED OIL AND GAS LEASE, TIDE AND SUBMERGED LANDS, SANTA BARBARA COUNTY - W.O. 6125 (PARCEL 41).

During consideration of Calendar Item 54 attached, Mr. Henry W. Wright, Manager, Land and Tax Department, Western Oil and Gas Association, presented a statement on behalf of companies in the west who produce, market, and refine more than ninety percent of all the crude oil and gas of members operating offshore the United States and Mexican border. In his statement it was contended that inasmuch as the companies that bid on Parcels 41, 45 and 46, did so with the understanding that there would be no restrictions as to where a potential offshore platform might be located, it seemed unnecessary for the Commission to ask them now to consent to a one-mile setback. The industry believes that this requirement is not needed at San Miguel Island, and also is of the opinion that the fears of the outdoor club representatives are groundless. Mr. Wright noted that offshore oil drilling enhances the marine habitat, as borne out by a comprehensive two-year study conducted by California's Department of Fish and Game. He submitted that the adverse effect on the flora and fauna of just one of the dozen missiles fired monthly in the area by the Navy is far greater than that from any oil operation that might be contemplated. As San Miguel Island is the property of the Federal Government, he stated that the question of construction of onshore oil facilities thereon is not within the jurisdiction of the State Lands Commission. In talking with thousands of individuals in Santa Barbara, Ventura, and San Luis Obispo counties, he found that they are not concerned that offshore oil is going to impair their coastal esthetics, for existing offshore operations have proved that such is not the case. Therefore, on behalf of the oil industry, he urged the Commission not to require a one-mile setback at San Miguel Island.

The Executive Officer then read into the record two communications: (1) A letter from the California Department of Fish and Game, subject "San Miguel Island Oil Lease Land, Effect on Biota," in which that Department stated that work done by its marine biologists had shown there was no damage to the environment through the construction of offshore islands or platforms; (2) A telegram from Hillman A. Hansen, putting the Commission on notice that the State of California has no title whatever (in his opinion) to the submerged lands, minerals, gas, oil and other hydrocarbon substances underlying the submerged land in question, and claiming to be the sole owner thereof.

Mr. William R. Gardner of Humble Oil & Refining Company read into the record a letter from the three companies who were the high bidders (jointly) and the only bidders for Parcels 41 and 46 -- Standard Oil Company of California, Atlantic Richfield Company, and Humble Oil & Refining Company -- entering a strong protest against any possible requirement by the State Lands Commission of a written guarantee that no surface operations would be conducted within one mile of shore on said parcels, and that onshore facilities would be prohibited as a condition precedent to the award of the leases. In view of the good-faith-submittal of bids in reliance on the notices published by the State Lands Commission, the Commission was requested to execute and deliver oil and gas leases covering Parcels 41 and 46.

Mr. Herbert Harry of the Union Oil Company read into the record a letter from Union Oil Company of California and Mobil Oil Corporation, stating that they were not in a position to make any guarantees other than the all-inclusive ones submitted with their joint bid for Parcel 45.

Mr. George Marshall, President of the Sierra Club, disagreed with the conclusions of those preceding him in giving testimony, and emphasized the importance from his Association's viewpoint of holding the San Miguel Island area for possible future use as a National Park area. He asked that there be a moratorium on bids on underwater areas for oil and gas around the Channel Islands until a reasonable time is permitted for seeing whether a national park or national seashore will be established within a one-nautical-mile limit around them.

The Executive Officer presented information supporting the belief that there is limited likelihood that the Channel Island area can, in the foreseeable future, be made into a national park or monument. Following this, he read into the record a letter from the United States Department of the Interior, National Park Service, Western Region, indicating that the unique recreational and scientific values of the islands might well justify national park designation, and asking that consideration be given to preventing oil industry activities adjacent to the shoreline so as to assure preservation of fragile scientific and recreational values for future use and enjoyment of California citizens.

The Chairman directed the Executive Officer to report to the Commission on any confidential information in the files of the staff that might be of value in making a decision. The Executive Officer also was directed to ascertain from the California Department of Fish and Game whether its report about the area was based solely on commercial fish, or if it also included sea lions and other mammals, and anything else not of commercial value. Further information is to be obtained from the U. S. Department of the Interior about possible effects of oil and gas development on the sea lions in the area.

Action on this item was then deferred until the next meeting of the Commission.

Attachment

Supplemental Calendar Item 54 (1 page)

54.

PROPOSED OIL AND GAS LEASE, TIDE AND SUBMERGED LANDS, SANTA BARBARA COUNTY - W.O. 6125 (PARCEL 41).

On June 28, 1966, the Commission deferred action on proposed oil and gas lease, W.O. 6125 (PARCEL 41), and directed the staff to request from the high bidders on Parcels 41, 45, and 46, their position relative to the suggested placement of operational facilities in the event of a lease award. This request was sent to the high bidders (see Exhibit "A").

The bid submitted was reviewed by the staff as to technical sufficiency and economic factors. The Office of the Attorney General reviewed the bid submitted by Standard Oil Company of California, Humble Oil & Refining Company, and Atlantic Richfield Company and determined:

- A. That the Commission has complied with the procedural requirements of law;
- B. That the bid submitted conforms with:
 - 1. The bid requirements as specified in the proposals of the Commission;
 - 2. The applicable provisions of law; and
 - 3. The rules and regulations of the Commission.

IT IS RECOMMENDED THAT THE COMMISSION ACCEPT THE BID MADE BY STANDARD OIL COMPANY OF CALIFORNIA, HUMBLE OIL & REFINING COMPANY, AND ATLANTIC RICHFIELD COMPANY ON JUNE 14, 1966, AND AUTHORIZE THE EXECUTIVE OFFICER TO ISSUE AN OIL AND GAS LEASE TO THE AFORESAID BIDDER FOR APPROXIMATELY 5,646 ACRES OF TIDE AND SUBMERGED LANDS DESIGNATED AS W.O. 6125 (PARCEL 41), IN SANTA BARBARA COUNTY, AS DETAILED IN THE NOTICE OF INTENTION, W.O. 6125, PUBLISHED APRIL 19, 1966, AND APRIL 26, 1966. THE CASH-BONUS PAYMENT IN CONSIDERATION OF ISSUANCE OF THE LEASE IS TO BE \$101,214.00 AS OFFERED IN THE BID.